

FISCAL NOTE

Bill #: HB0245

Title: Implement affordable housing land use initiative as related to building codes

Primary

Sponsor: Bruce Simon

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
State Special Revenue	\$27,200	\$27,200
Revenue:		
State Special Revenue	\$24,700	\$24,700
Net Impact on General Fund Balance:	\$0	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. The continuing education classes noted in Section 2 will be conducted through a private contract with the university system or others, and the Department Commerce (DOC) would merely administer the fund and the contracts.
2. The state continuing education transfer of 0.5% will be based on building fees only. Based on FY98 revenues, the estimated annual contribution to the continuing education program fund is \$2,500.
3. The continuing education fee of 0.5% obtained from local government code enforcement programs will be based on FY98 local government building fees only, and is estimated to be \$24,700
4. The eleven member building codes council (Council), will have operating expenses of \$4,800 in both years of the biennium. That amount is derived by using the following parameters: there will be two meetings per year, each meeting lasting 2 days; only 8 members (the other 3 are government employees)

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will receive transportation, meals, lodging and stipend payments averaging \$150 per day (assumes average of 400 round trip miles). Administrative support will be supplied by the DOC at no cost to the Council.

5. All revenues generated by the new state special revenue account will be expended.

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$27,200	\$27,200
<u>Funding:</u>		
State Special Revenue (02)	\$27,200	\$27,200
<u>Revenues:</u>		
State Special Revenue (02)	\$24,700	\$24,700
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
State Special Revenue (02)	(\$2,500)	(\$2,500)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local governments will contribute \$24,700 to the state continuing education fund. However, the contribution may be considered pre-paid continuing education costs, thus having little or no fiscal impact.

In addition, the pre-approved plans provisions may result in a net loss of revenue to local governments that are required to reduce plan review fees on approved model plan construction. The total loss would be directly related to the number of units built annually with model plan approval in their jurisdictional area.

TECHNICAL NOTES:

1. The codification instructions in New Section 9 establish that the provisions contained in HB245, including the establishment of the Building Codes Council, are applicable to Parts 1 through 4 only of Title 50, Chapter 60, MCA. Therefore, as proposed the Building Codes Council would not address issues related to plumbing, electrical, boilers or elevators.
2. New Section 2(2) appears to establish the applicability of the funding source for continuing education to be collected only from those revenues, state and local, which are applicable to Parts 1 through 4 of Title 50, Chapter 60, MCA, and the 0.5% would not include plumbing, electrical, elevator or boiler fees. Further, it is the division's understanding that building fees only were to be affected; however, as written mechanical fees would also be included.
3. The term "residential" in New Section 4 is too broad, and as written would include hotels and motels and other large residential occupancies. The division thinks the term was intended to mean single family dwelling only, and therefore, the term "residential" should be replaced with the term "single family dwelling" in order to avoid confusion. Further, the term "footings" in New Section 4 is assumed to include basement and foundation walls. This term should also be clarified to avoid confusion.
4. Due to widely varying conditions (wind load, snow load, seismic zone, etc.) throughout the State of

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Montana, plans approved for single family dwellings will only be approved for use in the certain area for which they were designed and similar condition areas with the same conditions as noted on the plans. For example, a single family dwelling plan approval for Billings with a 30 psf snow load design and located in seismic zone 1 will not be acceptable for construction in West Yellowstone with a 137 psf snow load requirement and located in seismic zone 4, without revision.

5. The wording "as amended" needs to be added to New Section 4(5)(b), at the end of line 27, in order to clarify that the CABO One and Two Family Dwelling Code is presently and has for many years been amended to utilize only the structural and nonstructural portions of the code. Chapters 11 through 46 (inclusive) are deleted and the provisions of the Uniform Mechanical Code, Uniform Plumbing Code and National Electrical Code are used in lieu of the deleted CABO chapters.
6. The requirements in New Section 4 for the department's development of the "checklist" for model plan approval [or notice of disapproval within five (5) days] and the subsequent requirement for the department to make the "checklist" available to building contractors at no charge appears to be inequitable since local governments are afforded the opportunity to make the department's "checklist" available to building contractors at a price that is commensurate with reproduction costs.
7. Because of the codification instructions for this bill, the requirement for the department to consult with the Building Codes Council on all rules and interpretations of building code provisions appears to be limited to those matters contained in Parts 1 through 4, MCA and does not address other model code related matters (plumbing, electrical, elevator, boiler, etc.).
8. The term "interested parties" contained in New Section 7(8) is too broad and may go beyond the intended scope of HB245 as to which parties are to participate in the interpretation process. In addition, the term "consent" implies that an interpretation could not be issued without the approval of all interested parties, which makes the requirement impossible to comply with.
9. New Section 8 appears to allow local governments to include non-building code items (zoning, street requirements, sidewalks, etc.) in plan review and charge fees for these items.
10. New Section 2(2) states that the department must deposit the 0.5% of fees earmarked for the building codes education program to a special account to be used to pay the costs of conducting courses and seminars throughout the state. HB245 doesn't create a special account in which to deposit these funds. Although it is possible to create an administrative account, it would be better for all parties if the creation of the continuing education account were more clearly specified in statute.
11. More specificity as to when deposits to the continuing education account are to be made would allow program managers a better opportunity to manage cash flows and the scheduling of educational events.
12. Funding of the Building Codes Council is not specified in statute, nor is an operating appropriation for the 2001 biennium.

DEDICATION OF REVENUE:

- a) Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)

HB245 states that monies earmarked for the building codes education program are to be deposited into a special account that is not specified. For the purposes of this fiscal note it is assumed that an amendment would be offered creating a state special revenue account for the purposes specified in the bill. Monies paid from the account would be used to provide continuing education in building code standards and other related topics to interested persons in the construction industry and in regulatory agencies of state and local government.

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- b) What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?

HB245 specifies that monies earmarked for the building codes education program are to be deposited into a special account that is not specified. For the purposes of this fiscal note it is assumed that an amendment would be offered creating a state special revenue account for the purposes specified in the bill.

- c) Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? X Yes No (if no, explain)

- d) Does the need for this state special revenue provision still exist? X Yes No (Explain)

HB245 specifies that monies earmarked for the building codes education program are to be deposited into a special account.

- e) Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)

No, the establishment of a SSR will not hinder the legislature's ability to scrutinize budgets, control expenditures or establish priorities. A SSR account will assist the legislature in the analysis of each of these items.

- f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)

Yes, provided the legislature would continue to mandate state responsibility for the building codes education program.

- g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)

The earmarked revenue provision, which is specified in the proposed legislation, would provide accounting efficiencies within the Department of Commerce. It would allow for the quick and accurate analysis of how effective and efficient the building codes educational program is. If this proposal were to be funded through the general fund it would be much more difficult to determine program effectiveness and efficiency.